

SUMMIT TOWNSHIP
JACKSON, MICHIGAN
ANNUAL FINANCIAL REPORT
MARCH 31, 2004

AUDITING PROCEDURES REPORT

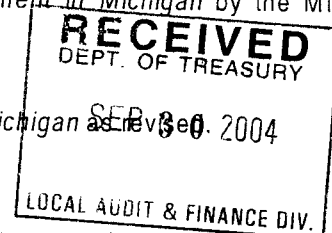
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name SUMMIT TOWNSHIP		County JACKSON	
Audit Date 3/31/04		Opinion Date 9/20/04		Date Accountant Report Submitted to State: 9/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised **SEP 30 2004**.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) MARKOWSKI & COMPANY, CPAs			
Street Address 2880 SPRING ARBOR ROAD		City JACKSON	State MI
Accountant Signature <i>Ronald Markowski</i>		ZIP 49203	
<i>Markowski & Company</i>			

SUMMIT TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITOR'S REPORT	1
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	2
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND EXPENDABLE TRUST FUNDS	4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE	5
STATEMENT OF CASH FLOW - PROPRIETARY FUND TYPE	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION:	
GENERAL FUND:	
BALANCE SHEET	25
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	26
SPECIAL REVENUE FUNDS:	
COMBINING BALANCE SHEET	32
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	33
BUILDING AND SITE FUND -	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	34

SUMMIT TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
PUBLIC IMPROVEMENT FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	35
EQUIPMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	36
STREET LIGHT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	37
IMPROVEMENT REVOLVING FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	38
BUILDING CODE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	39
WATER AND SEWER ENTERPRISE FUND:	
BALANCE SHEET	40
STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS	41
FIDUCIARY FUNDS:	
COMBINING BALANCE SHEET	43
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES	44
EXPENDABLE TRUST FUNDS:	
COMBINING BALANCE SHEET	46
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	47
MEDICAL INSURANCE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	48
SICK PAY FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	49
SCHEDULE OF INDEBTEDNESS	50

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTS
ESTATE PLANNING COUNCIL
OF SOUTH CENTRAL MICHIGAN

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Summit Township
Jackson, Michigan

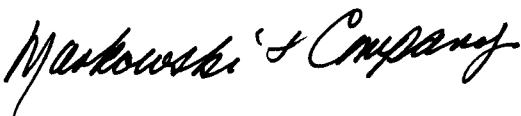
We have audited the accompanying general purpose financial statements of Summit Township, Jackson County, as of March 31, 2004, and for the year then ended. These general purpose financial statements are the responsibility of Summit Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly in all material respects, the financial position of Summit Township, Jackson County, as of March 31, 2004 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Summit Township, Jackson County. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Yours truly,



MARKOWSKI & COMPANY, CPAs
Jackson, Michigan
September 20, 2004

SUMMIT TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,229,187	\$ 1,403,164
Investments	1,103,329	879,588
Receivables:		
Accounts	206,409	539
Special assessment	-	-
Notes	-	-
Main tap fees	-	-
Accrued interest	17,348	11,115
Prepaid expenses	15,874	-
Due from other funds	56,962	423,821
Due from Other Governments	28,100	7,946
Inventory, At cost	-	-
Restricted assets	-	-
Fixed assets	-	-
Unamortized bond issuance costs	-	-
Amount to be provided for the retirement of long-term debt	-	-
Total assets	\$ 2,657,209	\$ 2,726,173
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	57,340	59,506
Accrued payroll	55,214	4,272
Accrued sick and vacation pay	-	-
Due to other funds	23,821	9,689
Due to other governmental and taxing units	-	-
Due to Jackson County	-	-
General obligation bonds	-	-
Total liabilities	136,375	73,467
Fund equity:		
Investment in General Fixed Assets	-	-
Contributed capital	-	-
Retained earnings - Unreserved	-	-
Fund balance - Designated	-	-
Fund balance - Unreserved and undesignated	2,520,834	2,652,706
Total fund equity	2,520,834	2,652,706
Total liabilities and fund equity	\$ 2,657,209	\$ 2,726,173

The accompanying notes are an integral part of the financial statements.

PROPRIETARY FUND TYPE ENTERPRISE	FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
\$ 1,193,157	\$ 568,614	\$ -	\$ -	\$ 4,394,122
1,596,823	365,995	-	-	3,945,735
283,835	-	-	-	490,783
246,489	-	-	-	246,489
40,799	-	-	-	40,799
97,261	-	-	-	97,261
32,802	11,604	-	-	72,869
-	7,417	-	-	23,291
235	-	-	-	481,018
67,204	-	-	-	103,250
237,593	-	-	-	237,593
162	-	-	-	162
22,105,262	-	3,909,999	-	26,015,261
17,710	-	-	-	17,710
-	-	-	294,640	294,640
\$ 25,919,332	\$ 953,630	\$ 3,909,999	\$ 294,640	\$ 36,460,983
189,988	\$ -	\$ -	\$ -	\$ 306,834
14,288	-	-	-	73,774
135,003	6,063	-	210,545	351,611
431,843	15,665	-	-	481,018
-	48,942	-	-	48,942
-	6,988	-	84,095	91,083
3,715,000	-	-	-	3,715,000
4,486,122	77,658	-	294,640	5,068,262
-	-	3,909,999	-	3,909,999
14,135,471	-	-	-	14,135,471
7,297,739	-	-	-	7,297,739
-	194,057	-	-	194,057
-	681,915	-	-	5,855,455
21,433,210	875,972	3,909,999	-	31,392,721
\$ 25,919,332	\$ 953,630	\$ 3,909,999	\$ 294,640	\$ 36,460,983

SUMMIT TOWNSHIP

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	TOTAL
	GENERAL	SPECIAL REVENUE	EXPENDABLE TRUST	(MEMORANDUM ONLY)
REVENUES:				
State shared	\$ 1,581,876	\$ -	\$ -	\$ 1,581,876
Fines and forfeitures	31,434	-	-	31,434
Interest and rentals	51,653	52,131	18,790	122,574
Taxes and penalties	585,969	130,192	-	716,161
Licenses and permits	159,712	129,707	-	289,419
Other	54,926	6,411	456	61,793
Total revenues	<u>2,465,570</u>	<u>318,441</u>	<u>19,246</u>	<u>2,803,257</u>
EXPENDITURES:				
Current:				
Legislative	117,238	-	-	117,238
General government	554,779	-	-	554,779
Public safety	1,575,062	-	-	1,575,062
Public works	-	286,063	-	286,063
Other	158,447	-	100,708	259,155
Capital outlay	-	860,240	-	860,240
Total expenditures	<u>2,405,526</u>	<u>1,146,303</u>	<u>100,708</u>	<u>3,652,537</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>60,044</u>	<u>(827,862)</u>	<u>(81,462)</u>	<u>(849,280)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	1,200,000	100,000	1,300,000
Operating transfers (out)	<u>(200,000)</u>	<u>(1,100,000)</u>	<u>-</u>	<u>(1,300,000)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDI- TURES AND OTHER (USES)	<u>(139,956)</u>	<u>(727,862)</u>	<u>18,538</u>	<u>(849,280)</u>
FUND BALANCE - Beginning of year	<u>2,660,790</u>	<u>3,380,568</u>	<u>857,434</u>	<u>6,898,792</u>
FUND BALANCE - End of year	<u>\$ 2,520,834</u>	<u>\$ 2,652,706</u>	<u>\$ 875,972</u>	<u>\$ 6,049,512</u>

The accompanying notes are an integral part of the financial statements.

SUMMIT TOWNSHIP

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUNDS		
	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
State shared	\$ 1,611,500	\$ 1,581,876	\$ (29,624)
Fines and forfeitures	28,900	31,434	2,534
Interest and rentals	40,500	51,653	11,153
Taxes and penalties	591,500	585,969	(5,531)
Licenses and permits	159,400	159,712	312
Other	53,500	54,926	1,426
Total revenues	<u>2,485,300</u>	<u>2,465,570</u>	<u>(19,730)</u>
EXPENDITURES:			
Current:			
Legislative	126,500	117,238	9,262
General government	589,400	554,779	34,621
Public safety	1,614,600	1,575,062	39,538
Public works	-	-	-
Other	164,600	158,447	6,153
Capital outlay	-	-	-
Total expenditures	<u>2,495,100</u>	<u>2,405,526</u>	<u>89,574</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,800)</u>	<u>60,044</u>	<u>69,844</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(209,800)</u>	<u>(139,956)</u>	<u>69,844</u>
FUND BALANCE - Beginning of year	<u>2,660,790</u>	<u>2,660,790</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 2,450,990</u></u>	<u><u>\$ 2,520,834</u></u>	<u><u>\$ 69,844</u></u>

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUNDS			EXPENDABLE TRUST FUNDS		
AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
51,400	52,131	731	18,700	18,790	90
130,200	130,192	(8)	-	-	-
126,000	129,707	3,707	-	-	-
6,500	6,411	(89)	500	456	(44)
314,100	318,441	4,341	19,200	19,246	46
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
292,300	286,063	6,237	-	-	-
-	-	-	111,200	100,708	10,492
1,239,000	860,240	378,760	-	-	-
1,531,300	1,146,303	384,997	111,200	100,708	10,492
(1,217,200)	(827,862)	389,338	(92,000)	(81,462)	10,538
1,600,000	1,200,000	(400,000)	100,000	100,000	-
(1,100,000)	(1,100,000)	-	-	-	-
500,000	100,000	(400,000)	100,000	100,000	-
(717,200)	(727,862)	(10,662)	8,000	18,538	10,538
3,380,568	3,380,568	-	857,434	857,434	-
\$ 2,663,368	\$ 2,652,706	\$ (10,662)	\$ 865,434	\$ 875,972	\$ 10,538

SUMMIT TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED MARCH 31, 2004

	<u>WATER AND SEWER ENTERPRISE FUND</u>
OPERATING REVENUES:	
Charges for services	\$ 2,721,055
Other revenues	<u>306,574</u>
Total operating revenues	<u>3,027,629</u>
OPERATING EXPENSES:	
Administration	595,123
Pumping and distribution	<u>2,728,065</u>
Total operating expenses	<u>3,323,188</u>
OPERATING INCOME (LOSS)	<u>(295,559)</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest income	47,010
Interest expense	(99,188)
Paying agent fees	(6,991)
Amortization of bond issuance costs	<u>(1,107)</u>
Total non-operating revenues (expenses)	<u>(60,276)</u>
NET INCOME (LOSS)	(355,835)
RETAINED EARNINGS - Beginning of year	<u>7,653,574</u>
RETAINED EARNINGS - End of year	<u><u>\$ 7,297,739</u></u>

The accompanying notes are an integral part of the financial statements.

SUMMIT TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED MARCH 31, 2004

**WATER AND SEWER
ENTERPRISE FUND**

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income (loss)		\$ (295,559)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	\$ 870,468	
Change in assets and liabilities:		
Decrease in accounts receivable	49,976	
Increase in accrued interest	(6,600)	
Decrease in due from other governments	5,978	
Increase in due from other funds	(28)	
Increase in inventory	(171,650)	
Decrease in restricted assets	2,706	
Decrease in bond premiums	49,929	
Decrease in accounts payable	(21,101)	
Increase in accrued expenses	13,463	
Increase in due to other funds	<u>355,122</u>	
Net adjustments		<u>1,148,263</u>
Net cash provided by operating activities		852,704

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES:

Cash received from notes receivable	97,756	
Purchase of fixed assets	(726,388)	
Cash received from contributed capital	72,152	
Principal repayments on bonds	(285,000)	
Interest paid	<u>(99,188)</u>	
Net cash used for capital and related financing activities		(940,668)

CASH FLOWS FROM INVESTING ACTIVITIES:

Sales of investments	320,000	
Interest received	47,010	
Investment fees paid	<u>(6,991)</u>	
Net cash used for investing activities		<u>360,019</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

272,055

CASH AND CASH EQUIVALENTS - Beginning of year

921,102

CASH AND CASH EQUIVALENTS - End of year

\$ 1,193,157

The accompanying notes are an integral part of the financial statements.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

SUMMIT TOWNSHIP
INDEX TO NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE NUMBER</u>
1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:	
	A DESCRIPTION OF TOWNSHIP OPERATIONS	7
	B REPORTING ENTITY	7
	C BASIS OF PRESENTATION - FUND ACCOUNTING	7
	D BASIS OF ACCOUNTING	9
	E BUDGET AND BUDGETARY ACCOUNTING	9
	F CASH AND INVESTMENTS	10
	G RECEIVABLES	10
	H INVENTORIES	10
	I FIXED ASSETS	11
	J FUND EQUITY	11
	K REVENUES AND EXPENDITURES/EXPENSES	12
	L OTHER FINANCING SOURCES (USES)	12
	M INTERFUND TRANSACTIONS	12
	N ACCUMULATED UNPAID SICK AND VACATION PAY	12
	O TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW	12
	P ESTIMATES	13
	Q RISK FINANCING	13
2	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	13
3	PROPERTY TAXES	13
4	CASH AND INVESTMENTS	14
5	INTERFUND RECEIVABLES AND PAYABLES	15
6	PROPERTY, PLANT AND EQUIPMENT	16
7	EMPLOYEE'S PENSION PLAN	17
8	LONG-TERM DEBT	22
9	LEASE COMMITMENTS	23
10	SEGMENT INFORMATION FOR ENTERPRISE FUND	23
11	NOTES RECEIVABLE	24
12	SPECIAL ASSESSMENT RECEIVABLES	24
13	OTHER POSTRETIREMENT BENEFITS	24
14	CONTRIBUTED CAPITAL	24

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The accounting methods and procedures adopted by Summit Township conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) DESCRIPTION OF TOWNSHIP OPERATIONS -

Summit Township was organized in 1857 and is located in the center of Jackson County. The Township operates under an elected Board of Trustees and Officers and provides services to its more than 21,500 residents in many areas, including law enforcement, fire protection, water and sewer operations, community enrichment and development, and human services.

B) REPORTING ENTITY -

Summit Township is a municipal corporation governed by an elected board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Township and all entities for which the government is considered financially accountable (component units). On this basis, accordingly, the financial statements of certain other governmental organizations within the Township, such as the school districts and Jackson District Library, are not included in the financial statements of the Township. Summit Township has no component units as defined by GASB Statement 14.

C) BASIS OF PRESENTATION - FUND ACCOUNTING -

The financial activities of Summit Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. The funds are grouped into three fund types and six generic funds as described below.

GOVERNMENTAL FUND TYPES:

These are funds through which most governmental functions are typically financed. The funds included in this category are as follows:

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C) BASIS OF PRESENTATION - FUND ACCOUNTING - (Continued)

GOVERNMENTAL FUND TYPES: (Continued)

General Fund - This fund is established to account for resources devoted to financing the general services that the Township provides for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

PROPRIETARY FUND TYPE:

This fund accounts for operations that are organized to be self-supporting through user charges. The fund included in this category is the Enterprise Fund.

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUND TYPES:

These funds account for assets held by the Township as a trustee or agent for individuals, private organizations, and other units of government. These funds are as follows:

Trust and Agency - These funds are used to account for assets held by the Township in a trustee capacity or an agent for individuals, private organizations, and other governments or funds. Agency funds are custodial in nature (assets and liabilities) and do not involve measurement of results of operations.

Expendable Trust Funds - These are funds whose entire resources, principal and income, may be expended in the course of their designated operations.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C) BASIS OF PRESENTATION - FUND ACCOUNTING - (Continued)

FIDUCIARY FUND TYPES: (Continued)

In addition to the three broad types of governmental funds, the Township also maintains two account groups as described below:

Account Groups:

General Fixed Assets Account Group - This is not a fund, but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets of the proprietary funds.

General Long-Term Debt Account Group - This is not a fund, but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

D) BASIS OF ACCOUNTING -

Governmental Funds - All governmental funds utilize the modified accrual basis of accounting which provides that revenues be recorded when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred.

Proprietary Fund - The proprietary fund follows the accrual basis of accounting. Revenues are recorded when they are measurable and earned, and expenditures when the related liability is incurred.

Fiduciary Funds - The fiduciary funds utilize a basis of accounting appropriate to each fund's accounting measurement objective. Expendable trust funds recognize revenues and expenses on the modified accrual basis, and agency funds recognize assets and liabilities on the modified accrual basis.

E) BUDGET AND BUDGETARY ACCOUNTING -

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund and the Expendable Trust Funds. These budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The appropriate budget is prepared by fund, and department. Budget amounts are as originally adopted, or as amended by the Township Board. It is the Township's policy to amend budgets only once, usually in March. Public hearings are held prior to the adoption of any original or amended budget.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F) CASH AND INVESTMENTS -

The Township considers cash on hand, amounts in checking accounts, certificates of deposit with original maturities of 90 days or less and monies in investment accounts (such as government pool investment accounts) which offer the unlimited ability to withdraw funds to be cash and cash equivalents. These are reported at cost on the financial statements.

Investments consist of certificates of deposit with original maturities greater than 90 days, and obligations of the United States Treasury and related governmental agencies. Investments are reported at amortized cost on the financial statements.

G) RECEIVABLES -

The Township of Summit records various receivables which are listed and described as follows:

- 1) Accounts - The accounts receivable in the general, special revenue, and enterprise funds are charges for services, which have been billed but not yet received.
- 2) Main Tap Fees - The Township records the assessments levied for the water system for which payment will be made with an assessment on the property over a period of years.
- 3) Connection Fees - The connection fees in the Enterprise Fund represent hook-up charges to the benefited parties for which payment will be made over a number of years.
- 4) Notes Receivable - The Township records all notes in the appropriate funds as transactions occur.
- 5) Accrued Interest - Accrued interest is recorded in the Special Revenue Funds and the Water and Sewer Fund for interest earned but not yet received.
- 6) Special Assessment - The Township records the assessments levied for the sewer system for which payment will be made with an assessment on the property over a period of years.

H) INVENTORIES -

Inventories are valued at the lower of cost or market. The inventories in the Water and Sewer Enterprise Fund consist of Grinder Pumps and Water Meters available for sale.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

I) FIXED ASSETS -

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. The sewer and water systems funded through County-issued bonds have been capitalized in the Water and Sewer Enterprise Fund.

Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

Property, plant, and equipment acquired for the proprietary fund is capitalized in the fund to which it applies.

Property, plant, and equipment are stated at cost. Where cost could not be determined from the available records, the insured value was used to record the estimated value of assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by the proprietary fund is charged as an expense against operations, and accumulated depreciation is reported on the proprietary fund's balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

J) FUND EQUITY -

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Designations of fund balance represent tentative management plans that are subject to change. At March 31, 2004, \$194,057 of the Sick Pay Expendable Trust Fund balance was designated for the payment of the accumulated sick pay obligation in the General Long-Term Debt Account Group.

The proprietary fund's contributed capital represents equity acquired through capital grants, and capital contributions from developers, customers, or other funds. Contributed capital is being amortized to retained earnings over the useful life of the equipment and improvements if financed.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

K) REVENUES AND EXPENDITURES/EXPENSES -

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses of the proprietary fund are recognized in essentially the same manner as in commercial accounting.

L) OTHER FINANCING SOURCES (USES) -

The transfers of cash between the various Township funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets and liabilities of the advancing or borrowing funds.

M) INTERFUND TRANSACTIONS -

During the course of normal operations the Township has numerous transactions between funds including expenditures, and transfers of resources to provide services, construct assets, and service debt. The combined financial statements generally reflect such transactions as operating transfers. The amounts recorded as subsidies, advances, or equity contributions are determined by Township management.

N) ACCUMULATED UNPAID SICK AND VACATION PAY -

Accumulated unpaid sick and vacation pay amounts are to be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts are not accrued in governmental funds (using the modified accrual basis of accounting). At March 31, 2004, the General Fund liability included approximately \$194,057 unpaid sick pay benefits and \$16,488 unpaid vacation benefits. This liability is presented in the General Long-Term Debt Account Group.

O) TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW -

Total Columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

P) ESTIMATES -

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q) RISK FINANCING -

Summit Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the municipal pooled insurance cooperative. Settled claims from these risks have not exceeded insurance coverage for the year.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY -

BUDGET VIOLATIONS -

Public Act #621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of the financial statements, the Township's actual and budgeted expenditures appear for the budgetary funds. General Fund, Special Revenue Fund, and Expendable Trust Funds have been shown on a functional basis. The approved budgets of the Township for these funds were adopted to the activity level. For the year ended March 31, 2004, the Township incurred no expenditures in the budgetary funds, which were in excess of the amounts budgeted.

NOTE 3 - PROPERTY TAXES:

Real and personal property taxes become a lien against the property on December 31, and are levied on December 1st of the following year. Payments are due to the Township by the last day of February. Subsequent to the levy, delinquent real property taxes are paid to the Township by Jackson County, therefore the General Fund reflects as revenue the full amount of real taxes levied during the year. The personal property taxes are reflected as revenues in the year collected.

The Township's operating tax rate is currently 0.8343 mills (total authorized rate of 1 mill, as reduced by the Headlee amendment - a state law) with a taxable value of \$500,351,933.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 4 - CASH AND INVESTMENTS:

The Township Treasurer is authorized by state law and a resolution from the Board of Trustees to invest surplus funds as follows:

- 1) In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States.
- 2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a federally insured bank or credit union, but only if the bank, or credit union meets all criteria as a depository of public funds contained in state law.
- 3) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services. The maturity date of the commercial paper must not be longer than 270 days from the purchase date, and no more than 50% of any fund may be invested in commercial paper at any time.
- 4) Mutual funds composed of investment vehicles, which are legal for direct investment by the Township. Investments in mutual funds shall be limited to securities whose intention is to maintain a net asset value of \$1 per share.

The Governmental Accounting Standard Board Statement No. 3 risk disclosures for the Township's cash and cash equivalents and investments are as follows:

<u>Cash and Investments</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Imprest cash	\$ 200	\$ -
Insured (FDIC)	406,272	406,272
Uninsured	<u>7,933,385</u>	<u>8,016,348</u>
	<u><u>\$ 8,339,857</u></u>	<u><u>\$ 8,422,620</u></u>

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 4 - CASH AND INVESTMENTS: (Continued)

During the year ended March 31, 2004, the Treasurer invested all surplus funds in certificates of deposit, government pooled investment funds (an investment vehicle offered by banks), and U.S. Government and Federal Agency bonds. All investments of the Township are Long-Term Certificates of Deposit and U.S. Government and Federal Agency bonds, which comply with the Township's investment policy. At March 31, 2004 the Townships investment balances were as follows:

<u>Cash and Investments</u>	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Government and Federal Agency bonds	\$ 2,596,823	\$ 2,603,845
Certificates of deposit	1,348,912	1,348,912
Total	<u>\$ 3,945,735</u>	<u>\$ 3,952,757</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:

The amount of interfund receivables and payables at March 31, 2004, are as follows:

<u>FUND</u>	<u>RECEIVABLES</u>	<u>FUND</u>	<u>PAYABLES</u>
General	\$ 56,962	Building Code	\$ 9,454
		Delinquent Tax	807
		Sick Pay	3,782
		Water and Sewer	31,843
		Medical Insurance	1,534
		Current Tax	9,542
	<u>56,962</u>		<u>56,962</u>
Building and Site	423,821	General	23,821
	<u>423,821</u>	Water and Sewer	400,000
			<u>423,821</u>
Water and Sewer	235	Building and Site	235
Total	<u>\$ 481,018</u>	Total	<u>\$ 481,018</u>

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT:

Activity for general fixed assets which are capitalized by the Township is summarized below:

	BALANCE 04/01/03	ADDITIONS	DELETIONS	BALANCE 03/31/04
Land	\$ 58,022	\$ -	\$ -	\$ 58,022
Buildings and improvements	1,499,869	803,476	-	2,303,345
Machinery & equipment	645,552	54,743	-	700,295
Vehicles	777,473	-	-	777,473
Office equipment and furniture	55,766	15,098	-	70,864
Total	\$ 3,036,682	\$ 873,317	\$ -	\$ 3,909,999

A summary of the fixed assets recorded in the Enterprise Fund is as follows:

	BALANCE 04/01/03	ADDITIONS	DELETIONS	BALANCE 03/31/04
FIXED ASSETS:				
Land	\$ 73,195	\$ -	\$ -	\$ 73,195
Buildings and improvements	360,527	415,153	-	775,680
Equipment	1,070,531	46,886	-	1,117,417
Water and sewer lines	37,895,080	264,349	-	38,159,429
Total	\$ 39,399,333	\$ 726,388	\$ -	\$ 40,125,721
ACCUMULATED DEPRECIATION:				
Buildings and improvements	\$ 5,934	\$ 10,285	\$ -	\$ 16,219
Equipment	806,279	69,407	-	875,686
Water and sewer lines	16,337,778	790,776	-	17,128,554
Total	\$ 17,149,991	\$ 870,468	\$ -	\$ 18,020,459
NET FIXED ASSETS	\$ 22,249,342			\$ 22,105,262

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT: (Continued)

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Improvements other than buildings	10-50 years
Machinery and equipment	5-10 years
Sewer lines	50 years

NOTE 7 - EMPLOYEES' PENSION PLAN:

Defined Benefit Pension Plan:

Substantially all of Summit Township's employees participate in the Michigan Municipal Employee's Retirement System ("system"), a multiple employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 2003 was \$1,447,022 and the Township's total payroll for the year was \$1,550,363.

All Summit Township's full time salaried, union, clerical, and all Board Members are eligible to participate in the System. The System's retirement eligibility, vesting, and benefits are determined as follows:

	<u>NON-UNION</u>	<u>UNION</u>
Retirement Eligibility	Age 60/55 with 8/20 or more years of credited service, respectively	Age 60/50 with 8/25 or more years of credited service, respectively
Vesting	After 8 years of service	After 8 years of service
Benefit Formula	2.5% of Final Average Compensation, multiplied by credited service with a maximum benefit of 80% of the Final 3 years of Average Compensation.	2.5% of Final Average Compensation, multiplied by credited service with a maximum benefit of 80% of the Final 3 years of Average Compensation.

The System also provides death and disability benefits. Benefits are established by state statute.

Employees are not required to make contributions to the System. However, they may elect to contribute a percentage of their annual compensation. The percent is selected by the member's municipality ranging from 0% to 10% in 0.1% increments.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 7 - EMPLOYEES' PENSION PLAN: (Continued)

Defined Benefit Pension Plan: (Continued)

The "Actuarial Accrued Liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers.

The Actuarial Accrued Liability for Summit Township at December 31, 2003, (the most recent date available) determined through an actuarial valuation performed as of that date. Significant actuarial assumptions used in determining the pension benefit obligation included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% annually after retirement.

At December 31, 2003, for Summit Township, the Actuarial Accrued Liability was \$1,312,875 determined as follows:

Retirees and beneficiaries currently receiving benefits	\$ 2,964,913
Terminated employees not yet receiving benefits	70,631
Current employees -	
Accumulated employee contributions, including	
allocated investment income	169,414
Employer financed	<u>2,975,971</u>
Total Actuarial Accrued Liability	6,180,929
Net assets available for benefits, at actuarial value	
(Market Value is \$4,445,058)	<u>4,868,054</u>
Unfunded (overfunded) actuarial accrued liability	<u><u>\$ 1,312,875</u></u>

During the year ended December 31, 2003, the plan for Summit Township experienced a net change of \$(158,133) in the Unfunded Actuarial Liability. The combined change in the Unfunded Actuarial Liability resulting from benefit changes and revisions in actuarial assumptions is \$0.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 7 - EMPLOYEES' PENSION PLAN: (Continued)

Contributions Required and Contributions Made

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The payments for the fiscal year ended March 31, 2004 were determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the Unfunded Actuarial Liability.

The annual required and actual contribution as of December 31, 2003 was \$247,512.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the plan's year ended December 31 is presented as follows:

Year	able for Benefits as Percentages of the UAL	UAL as Percent- ages of Annual Payroll	Employer Contributions as Percentages of Annual Payroll	
			Union	Non-Union
1994	68.00%	93.00%	14.75%	16.10%
1995	81.00%	67.00%	15.26%	14.38%
1996	101.00%	0.00%	9.68%	11.02%
1997	92.00%	31.00%	10.56%	15.24%
1998	89.00%	42.00%	11.20%	15.74%
1999	94.00%	24.00%	10.37%	15.31%
2000	87.00%	56.00%	10.79%	17.75%
2001	80.00%	84.00%	13.89%	19.25%
2002	75.00%	107.00%	14.94%	20.57%
2003	79.00%	91.00%	15.32%	18.70%

The report of the annual actuarial valuation at December 31, 2003 covering the participation of Summit Township in the System is available upon request at the Township's office. Information regarding the Michigan Employee Retirement System Financial Statements is also available at the Township's office.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 7 - EMPLOYEES' PENSION PLAN: (Continued)

Ten-year historical trend information is included:

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Percent Funded (1)/(2)	(Overfunded) UAL (2) - (1)	Annual Payroll	of annual Payroll (4)/(5)
1994	\$ 2,128,136	\$ 1,454,871	68%	\$ 673,265	\$ 723,639	93%
1995	2,601,828	2,105,172	81%	496,656	743,151	67%
1996	2,484,374	2,514,170	101%	(29,796)	713,197	0%
1997	3,161,830	2,922,219	92%	239,611	773,015	31%
1998	3,701,082	3,285,874	89%	415,208	992,365	42%
1999	4,029,275	3,777,643	94%	251,632	1,053,768	24%
2000	4,789,794	4,144,852	87%	644,942	1,144,721	56%
2001	5,479,918	4,411,029	80%	1,068,889	1,287,321	83%
2002	5,984,799	4,513,791	75%	1,471,008	1,380,281	107%
2003	6,180,929	4,868,054	79%	1,312,875	1,447,022	91%

Notes: Actuarial assumptions for MERS valuations were revised for 2000 valuations.
Total required life liabilities are reflected in MERS UAL figures beginning in 1984.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 7 - EMPLOYEES' PENSION PLAN: (Continued)

NON-UNION
COMPUTED EMPLOYER CONTRIBUTIONS-COMPARATIVE STATEMENT

Valuation Date December 31	Number	Annual Payroll	Employer Contribution as Percent of Payroll	
			Regular Contribution	Minimum Required Contribution
1994	19	367,791	16.52%	16.10%
1995	19	377,130	14.38%	14.38%
1996	18	389,874	12.52%	11.02%
1997	21	450,410	15.24%	15.24%
1998	22	578,422	15.74%	15.74%
1999	22	569,197	15.31%	15.31%
2000	21	579,921	17.75%	17.75%
2001	22	680,068	19.25%	19.25%
2002	22	732,890	20.57%	20.57%
2003	23	764,218	18.70%	18.70%

Notes: Actuarial assumptions were revised for MERS valuations in 2000.

UNION
COMPUTED EMPLOYER CONTRIBUTIONS-COMPARATIVE STATEMENT

Valuation Date December 31	Active Members		Employer Contribution as Percent of Payroll	
	Number	Annual Payroll	Regular Contribution	Minimum Required Contribution
1994	11	355,848	15.14%	14.75%
1995	11	366,021	15.26%	15.26%
1996	10	323,323	11.00%	9.68%
1997	11	322,605	10.56%	10.56%
1998	12	413,943	11.20%	11.20%
1999	16	484,571	10.38%	10.37%
2000	16	564,800	10.79%	10.79%
2001	15	607,253	13.89%	13.89%
2002	15	647,391	14.94%	14.94%
2003	15	682,804	15.32%	15.32%

Notes: Actuarial assumptions were revised for MERS valuations in 2000.

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 8 - LONG-TERM DEBT:

The following is a summary of the Township's long-term debt transactions for the year ended March 31, 2004:

	<u>DEBT OUTSTAND- ING 4/1/03</u>	<u>REPAY- MENTS</u>	<u>ADDITIONAL DEBT</u>	<u>DEBT OUTSTAND- ING 3/31/04</u>
ENTERPRISE FUND:				
General Obligation Bonds -				
Summit Township 1975				
Sanitary Sewage Disposal				
System #8 - DPW Bonds				
issued through Jackson County.				
\$6,000,000, maturing serially				
in annual amounts ranging from				
\$100,000 to \$450,000, and an				
interest rate ranging from 4.00%				
to 8.00%.	\$ 100,000	\$ 100,000	\$ -	\$ -
General Obligation Bonds -				
Summit Township 1998 Michigan				
Municipal Bond Authority				
Michigan Drinking Water Revolv-				
ing Fund Program - DPW Bonds				
issued through State of Michigan.				
\$4,443,609 maturing semiannually				
in annual amounts ranging from				
\$180,000 to \$280,000, and an				
interest rate of 2.50%.	<u>3,900,000</u>	<u>185,000</u>	<u>-</u>	<u>3,715,000</u>
 Total Enterprise Fund				
Long-term Debt	<u><u>\$ 4,000,000</u></u>	<u><u>\$ 285,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,715,000</u></u>

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 8 - LONG-TERM DEBT: (Continued)

Presented below is a summary of debt service requirements to maturity by years:

<u>YEAR END MARCH 31,</u>	<u>GENERAL OBLIGATION BONDS PRINCIPAL</u>	<u>GENERAL OBLIGATION BONDS INTEREST</u>	<u>FISCAL YEAR TOTAL</u>
2005	\$ 190,000	\$ 90,500	\$ 280,500
2006	195,000	85,688	280,688
2007	200,000	80,750	280,750
2008	205,000	75,688	280,688
2009	210,000	70,501	280,501
Thereafter	<u>2,715,000</u>	<u>390,069</u>	<u>3,105,069</u>
	<u>\$ 3,715,000</u>	<u>\$ 793,196</u>	<u>\$ 4,508,196</u>

NOTE 9 - LEASE COMMITMENTS:

Rental expense and lease commitments under operating leases are not material.

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUND:

The Township maintains the Water and Sewer Enterprise Fund as its only enterprise fund. Segment information for the year ended March 31, 2004 is as follows:

	<u>WATER AND SEWER FUND</u>
Operating revenues	\$ 3,027,629
Depreciation expense	870,468
Operating income (loss)	(295,559)
Operating transfers in	-
Operating transfers out	-
Tax revenues	-
Net income (loss)	(355,835)
Capital contributions	72,152
Fixed assets additions	726,388
Fixed assets (deletions)	-
Net working capital	2,597,851
Total assets	25,919,332
Outstanding long-term liabilities:	
Payable from operating sources	3,715,000
Payable from other sources	-
Total equity	21,433,210

SUMMIT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 11 - NOTES RECEIVABLE:

In an effort to encourage a large manufactured housing development to connect to the municipal water system, Summit Township offered to finance the water main tap extensions for the private owners. A formal note exists calling for monthly payments plus interest. Payments are current on the agreement as of March 31, 2004.

NOTE 12 - SPECIAL ASSESSMENT RECEIVABLES:

The Summit Township Board approved several Special Assessment Districts. The special assessments will be divided into ten to eighteen equal annual installments. Said installments shall bear interest at the rate between seven (7%) and seven and one-quarter percent (7.25%) annually.

NOTE 13 - OTHER POSTRETIREMENT BENEFITS:

Summit Township provides postretirement health benefits for certain retirees and their spouses, as per the requirements of a Township Board resolution. The Township pays 100 percent of the premiums of health coverage for employees and their spouse who retires with 20 years of service and have reached the age of 55 or combination of service and age equaling 80 with a minimum of 15 years of service. Surviving spouse covered at single person rate for life or until remarried. These transactions are accounted for in the Medical Insurance Expendable Trust Fund. Expenditures under the plan totaled \$77,913 during the fiscal year ended March 31, 2004, and are funded on a pay as you go basis.

NOTE 14 - CONTRIBUTED CAPITAL:

The changes in the Township's contributed capital account for its Proprietary Fund were as follows:

Contributed capital, 4-1-03	\$ 14,538,771
Contributing Sources:	
Special Assessments and other contributions	101,050
Reductions -	
Amortization	<u>(504,350)</u>
Contributed capital, 3-31-04	<u><u>\$ 14,135,471</u></u>

SUMMIT TOWNSHIP
SUPPLEMENTARY INFORMATION
MARCH 31, 2004

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

SUMMIT TOWNSHIP
GENERAL FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash and cash equivalents	\$ 1,229,187
Investments	1,103,329
Accounts receivable:	
State shared revenues	204,835
Interest	17,348
Miscellaneous	1,574
Prepaid expenses	15,874
Due from other funds	56,962
Due from Jackson County	28,100
	<hr/>
Total assets	<u><u>\$ 2,657,209</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES:	
Accounts payable	\$ 57,340
Accrued payroll	55,214
Due to other funds	23,821
Total liabilities	<hr/> 136,375 <hr/>
FUND BALANCE -	
Unreserved	<hr/> 2,520,834 <hr/>
Total liabilities and fund balance	<u><u>\$ 2,657,209</u></u>

SUMMIT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
STATE SHARED REVENUES:			
Sales tax	\$ -	\$ 1,562,690	\$ -
Grants	-	19,186	-
	<u>1,611,500</u>	<u>1,581,876</u>	<u>(29,624)</u>
FINES AND FORFEITURES -			
Police fines	<u>28,900</u>	<u>31,434</u>	<u>2,534</u>
INTEREST AND RENTALS -			
Interest on investments	<u>40,500</u>	<u>51,653</u>	<u>11,153</u>
TAXES AND PENALTIES:			
Current property taxes	-	422,589	-
Delinquent property taxes	-	555	-
Interest and penalties	-	14,040	-
Administrative fees	-	148,785	-
Total	<u>591,500</u>	<u>585,969</u>	<u>(5,531)</u>
LICENSES AND FEES:			
Franchise fees	-	110,154	-
Trailer park fees	-	1,463	-
Liquor licenses	-	8,494	-
IFT certificate fees	-	1,050	-
Zoning fees and variance applications	-	15,033	-
Telecommunication fees	-	23,518	-
Total	<u>159,400</u>	<u>159,712</u>	<u>312</u>
OTHER:			
Administrative fees - From other governmental units	-	23,997	-
Sewer Letters	-	11,000	-
Miscellaneous	-	19,929	-
Total	<u>53,500</u>	<u>54,926</u>	<u>1,426</u>
TOTAL REVENUES	<u>\$ 2,485,300</u>	<u>\$ 2,465,570</u>	<u>\$ (19,730)</u>

SUMMIT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
LEGISLATIVE:			
TOWNSHIP BOARD:			
Salaries and wages	\$ -	\$ 22,188	\$ -
Employees' social security	-	964	-
Employees' health insurance	-	9,756	-
Employees' life insurance	-	308	-
Retirement contributions	-	3,915	-
Office supplies	-	2,200	-
Professional services	-	47,285	-
Printing and publishing	-	3,727	-
Education and training	-	253	-
Insurance and bonds	-	15,155	-
Membership and dues	-	11,487	-
Total legislative	<u>126,500</u>	<u>117,238</u>	<u>9,262</u>
GENERAL GOVERNMENT:			
TOWNSHIP SUPERVISOR:			
Salaries and wages	-	22,073	-
Employees' social security	-	1,849	-
Employees' health insurance	-	3,000	-
Employees' life insurance	-	48	-
Retirement contributions	-	4,249	-
Office supplies	-	32	-
Education and training	-	263	-
Insurance and bonds	-	957	-
Total township supervisor	<u>33,300</u>	<u>32,471</u>	<u>829</u>

SUMMIT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT: (Continued)			
ELECTIONS:			
Salaries and wages	\$ -	\$ 6,830	\$ -
Office supplies	-	288	-
Maintenance supplies	-	158	-
Total elections	<u>9,200</u>	<u>7,276</u>	<u>1,924</u>
ASSESSING:			
Salaries and wages	-	123,652	-
Employees' social security	-	10,023	-
Employees' health insurance	-	13,673	-
Retirement contribution	-	24,249	-
Employees' life insurance	-	208	-
Unemployment insurance	-	2	-
Office supplies	-	1,444	-
Printing and publishing	-	613	-
Insurance and bonds	-	2,135	-
Education and training	-	842	-
Tax roll preparation	-	4,338	-
Computer supplies	-	3,077	-
Membership and dues	-	310	-
Lease	-	6,000	-
Total assessing	<u>202,500</u>	<u>190,566</u>	<u>11,934</u>
TOWNSHIP CLERK:			
Salaries and wages	-	79,835	-
Employees' social security	-	6,708	-
Employees' health insurance	-	9,200	-
Employees' life insurance	-	288	-
Retirement contribution	-	15,444	-
Unemployment taxes	-	3	-
Office supplies	-	1,021	-
Computer supplies	-	2,149	-
Education and training	-	378	-
Insurance and bonds	-	1,290	-
Total township clerk	<u>121,500</u>	<u>116,316</u>	<u>5,184</u>

SUMMIT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT: (Continued)			
TOWNSHIP TREASURER:			
Salaries and wages	\$ -	\$ 64,711	\$ -
Employees' social security	-	5,033	-
Employees' health insurance	-	21,022	-
Employees' life insurance	-	192	-
Retirement contribution	-	12,957	-
Office supplies	-	11,683	-
Computer supplies	-	972	-
Insurance and bonds	-	1,119	-
Education and training	-	1,234	-
Membership and dues	-	227	-
Lease	-	3,000	-
Total township treasurer	<u>125,700</u>	<u>122,150</u>	<u>3,550</u>
TOWNSHIP HALL AND GROUNDS:			
Office supplies	-	6,276	-
Computer supplies	-	17,535	-
Maintenance supplies	-	3,269	-
Public utilities	-	18,123	-
Telephone	-	4,706	-
Equipment rental	-	6,833	-
Maintenance of grounds	-	29,258	-
Total township hall and grounds	<u>97,200</u>	<u>86,000</u>	<u>11,200</u>
Total General Government	<u>589,400</u>	<u>554,779</u>	<u>34,621</u>

SUMMIT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
PUBLIC SAFETY:			
POLICE DEPARTMENT:			
Salaries and wages	\$ -	\$ 11,927	\$ -
Employees Social Security	-	912	-
Unemployment Insurance	-	3	-
Contracted services	-	384,758	-
Office supplies	-	446	-
Professional services	-	19,327	-
Gas and mileage	-	1,533	-
Insurance and bonds	-	174	-
Telephone	-	656	-
Total police department	<u>421,800</u>	<u>419,736</u>	<u>2,064</u>
FIRE DEPARTMENT:			
Salaries and wages	-	757,014	-
Employees' social security	-	58,828	-
Employees' health insurance	-	97,972	-
Employees' life insurance	-	1,520	-
Retirement contribution	-	106,757	-
Unemployment taxes	-	167	-
Membership and dues	-	937	-
Clothing and safety gear	-	6,061	-
Office supplies	-	2,958	-
Uniforms	-	7,658	-
Repairs and maintenance	-	37,220	-
Radio maintenance	-	3,045	-
Insurance and bonds	-	23,699	-
Public utilities	-	7,719	-
Telephone	-	4,356	-
Lease	-	3,000	-
Education and training	-	7,144	-
Employee physicals	-	9,775	-
Gas and mileage	-	6,553	-
Capital outlay	-	12,943	-
Total fire department	<u>1,192,800</u>	<u>1,155,326</u>	<u>37,474</u>
Total Public Safety	<u>1,614,600</u>	<u>1,575,062</u>	<u>39,538</u>

SUMMIT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FUNCTIONS:			
Zoning	\$ -	\$ 42,892	\$ -
Cemetery	-	3,500	-
Sanitary landfill	-	22,770	-
Roads and streets	-	71,069	-
Board of Appeals	-	2,895	-
Planning commission	-	10,082	-
Board of Review	-	865	-
Miscellaneous	-	4,374	-
Total other functions	<u>164,600</u>	<u>158,447</u>	<u>6,153</u>
Total Expenditures	<u>2,495,100</u>	<u>2,405,526</u>	<u>89,574</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,800)</u>	<u>60,044</u>	<u>69,844</u>
OTHER FINANCING SOURCES (USES):			
OPERATING TRANSFERS OUT:			
Equipment fund	-	(100,000)	-
Medical Insurance fund	-	(100,000)	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(209,800)	(139,956)	69,844
FUND BALANCE - Beginning of year	<u>2,660,790</u>	<u>2,660,790</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 2,450,990</u></u>	<u><u>\$ 2,520,834</u></u>	<u><u>\$ 69,844</u></u>

SPECIAL REVENUE FUNDS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. Summit Township maintains the following Special Revenue Funds:

Building and Site Fund - This fund is used to account for monies set aside for capital improvements to buildings.

Public Improvement Fund - This fund is used to account for earmarked revenue set aside by the Township Board which cannot be used for general government purposes.

Equipment Fund - This fund is used to account for monies set aside to purchase equipment.

Street Light Fund - This fund is used to account for special assessments levied for street lighting.

Improvement Revolving Fund - This fund is used to account for money advanced by the General Fund to finance general improvement projects.

**SUMMIT TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004**

	<u>BUILDING AND SITE</u>	<u>PUBLIC IMPROVEMENT</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 180,109	\$ 698,263
Investments	-	-
Accounts receivable	-	-
Accrued interest receivable	-	-
Due from other funds	423,821	-
Due from Jackson County	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 603,930</u>	<u>\$ 698,263</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts payable	\$ 48,794	\$ -
Accrued wages	-	-
Due to other funds	235	-
Total liabilities	<hr/> 49,029	<hr/> -
Fund balance - Unreserved	<hr/> 554,901	<hr/> 698,263
Total liabilities and fund balance	<u>\$ 603,930</u>	<u>\$ 698,263</u>

EQUIPMENT		STREET LIGHTS	IMPROVEMENT REVOLVING FUND	BUILDING CODE	TOTAL				
\$	247,584	\$	131,263	\$	120,917	\$	25,028	\$	1,403,164
	260,644		-		618,944		-		879,588
	-		-		-		539		539
	4,420		-		6,695		-		11,115
	-		-		-		-		423,821
	-		7,946		-		-		7,946
<u>\$</u>		<u>\$</u>	<u>139,209</u>	<u>\$</u>	<u>746,556</u>	<u>\$</u>	<u>25,567</u>	<u>\$</u>	<u>2,726,173</u>
\$	-	\$	10,712	\$	-	\$	-	\$	59,506
	-		-		-		4,272		4,272
	-		-		-		9,454		9,689
	-		10,712		-		13,726		73,467
	512,648		128,497		746,556		11,841		2,652,706
<u>\$</u>		<u>\$</u>	<u>139,209</u>	<u>\$</u>	<u>746,556</u>	<u>\$</u>	<u>25,567</u>	<u>\$</u>	<u>2,726,173</u>

SUMMIT TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUILDING AND SITE</u>	<u>PUBLIC IMPROVEMENT</u>
REVENUES:		
Property tax	\$ -	\$ -
Permit fees	-	-
Interest	16,244	8,284
Miscellaneous	6,411	-
Total revenues	<u>22,655</u>	<u>8,284</u>
EXPENDITURES:		
Salaries and wages	-	-
Employees' social security	-	-
Employees' health insurance	-	-
Employees' life insurance	-	-
Retirement contribution	-	-
Unemployment taxes	-	-
Office supplies	-	-
Professional services	-	-
Memberships and dues	-	-
Insurance and bonds	-	-
Public works and utilities	8,830	-
Telephone	-	-
Education and training	-	-
Computer supplies	-	-
Lease	-	-
Capital outlay	801,667	-
Total expenditures	<u>810,497</u>	<u>-</u>
EXCESS OR REVENUES OVER (UNDER) EXPENDITURES	<u>(787,842)</u>	<u>8,284</u>
OTHER FINANCING SOURCES:		
Operating transfers in	1,100,000	-
Operating transfers out	-	-
Total other financing sources	<u>1,100,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	312,158	8,284
FUND BALANCE - Beginning of year	<u>242,743</u>	<u>689,979</u>
FUND BALANCE - End of year	<u>\$ 554,901</u>	<u>\$ 698,263</u>

EQUIPMENT	STREET LIGHTS	REVOLVING FUND	BUILDING CODE	TOTAL
\$ -	130,192	\$ -	\$ -	\$ 130,192
-	-	-	129,707	129,707
9,061	488	17,715	339	52,131
-	-	-	-	6,411
9,061	130,680	17,715	130,046	318,441
-	-	-	104,478	104,478
-	-	-	7,022	7,022
-	-	-	5,691	5,691
-	-	-	192	192
-	-	-	16,672	16,672
-	-	-	638	638
-	-	-	1,859	1,859
-	-	-	-	-
-	-	-	1,005	1,005
-	-	-	2,356	2,356
-	128,587	-	900	138,317
-	-	-	1,418	1,418
-	-	-	2,505	2,505
-	-	-	910	910
-	-	-	3,000	3,000
58,573	-	-	-	860,240
58,573	128,587	-	148,646	1,146,303
(49,512)	2,093	17,715	(18,600)	(827,862)
100,000	-	-	-	1,200,000
-	-	(1,100,000)	-	(1,100,000)
100,000	-	(1,100,000)	-	100,000
50,488	2,093	(1,082,285)	(18,600)	(727,862)
462,160	126,404	1,828,841	30,441	3,380,568
\$ 512,648	\$ 128,497	\$ 746,556	\$ 11,841	\$ 2,652,706

SUMMIT TOWNSHIP
BUILDING AND SITE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Interest	\$ 15,700	\$ 16,244	\$ 544
Miscellaneous	6,400	6,411	11
Total revenues	<u>22,100</u>	<u>22,655</u>	<u>555</u>
EXPENDITURES:			
Office supplies	100	-	100
Professional fees	200	189	11
Utilities	1,500	1,461	39
Miscellaneous	7,200	7,180	20
Capital outlay	<u>1,178,000</u>	<u>801,667</u>	<u>376,333</u>
Total expenditures	<u>1,187,000</u>	<u>810,497</u>	<u>376,503</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,164,900)	(787,842)	377,058
OTHER FINANCING SOURCES:			
Operating transfers in	<u>1,500,000</u>	<u>1,100,000</u>	<u>(400,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	335,100	312,158	(22,942)
FUND BALANCE - Beginning of year	<u>242,743</u>	<u>242,743</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 577,843</u></u>	<u><u>\$ 554,901</u></u>	<u><u>\$ (22,942)</u></u>

SUMMIT TOWNSHIP
PUBLIC IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES -			
Interest	<u>\$ 8,000</u>	<u>\$ 8,284</u>	<u>\$ 284</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,000	8,284	284
OTHER FINANCING SOURCES:			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	8,000	8,284	284
FUND BALANCE - Beginning of year	<u>689,979</u>	<u>689,979</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 697,979</u></u>	<u><u>\$ 698,263</u></u>	<u><u>\$ 284</u></u>

SUMMIT TOWNSHIP
EQUIPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Interest	<u>\$ 9,000</u>	<u>\$ 9,061</u>	<u>\$ 61</u>
EXPENDITURES			
Office supplies	100	-	100
Capital outlays	<u>60,500</u>	<u>58,573</u>	<u>1,927</u>
Total expenditures	<u>60,600</u>	<u>58,573</u>	<u>2,027</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(51,600)	(49,512)	2,088
OTHER FINANCING SOURCES - Operating transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	48,400	50,488	2,088
FUND BALANCE - Beginning of year	<u>462,160</u>	<u>462,160</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 510,560</u></u>	<u><u>\$ 512,648</u></u>	<u><u>\$ 2,088</u></u>

SUMMIT TOWNSHIP
STREET LIGHT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Property tax	\$ 130,200	\$ 130,192	\$ (8)
Interest	500	488	(12)
Miscellaneous	100	-	(100)
Total revenues	<u>130,800</u>	<u>130,680</u>	<u>(120)</u>
EXPENDITURES:			
Public works and utilities	<u>129,200</u>	<u>128,587</u>	<u>613</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,600	2,093	493
OTHER FINANCING SOURCES - Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	1,600	2,093	493
FUND BALANCE - Beginning of year	<u>126,404</u>	<u>126,404</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 128,004</u></u>	<u><u>\$ 128,497</u></u>	<u><u>\$ 493</u></u>

SUMMIT TOWNSHIP
IMPROVEMENT REVOLVING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES -			
Interest	<u>\$ 17,700</u>	<u>\$ 17,715</u>	<u>\$ 15</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,700	17,715	15
OTHER FINANCING SOURCES -			
Operating transfers (out)	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(1,082,300)	(1,082,285)	15
FUND BALANCE - Beginning of year	<u>1,828,841</u>	<u>1,828,841</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 746,541</u></u>	<u><u>\$ 746,556</u></u>	<u><u>\$ 15</u></u>

SUMMIT TOWNSHIP
BUILDING CODE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Building permits	\$ 71,000	\$ 70,892	(108)
Electrical permits	32,000	33,856	1,856
Mechanical permits	23,000	24,959	1,959
Interest	500	339	(161)
Total revenues	<u>126,500</u>	<u>130,046</u>	<u>3,546</u>
EXPENDITURES:			
Salaries and wages	107,500	104,478	3,022
Employees' social security	7,200	7,022	178
Employees' health insurance	5,800	5,691	109
Employees' life insurance	200	192	8
Retirement contribution	17,400	16,672	728
Unemployment taxes	700	638	62
Office supplies	2,000	1,859	141
Professional services	100	-	100
Memberships and dues	1,200	1,005	195
Insurance and bonds	2,500	2,356	144
Public utilities	1,000	900	100
Telephone	1,600	1,418	182
Education and training	2,800	2,505	295
Computer supplies	1,000	910	90
Lease	3,000	3,000	-
Capital outlay	500	-	500
Total expenditures	<u>154,500</u>	<u>148,646</u>	<u>5,854</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(28,000)	(18,600)	9,400
OTHER FINANCING SOURCES			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(28,000)	(18,600)	9,400
FUND BALANCE - Beginning of year	<u>30,441</u>	<u>30,441</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ 2,441</u>	<u>\$ 11,841</u>	<u>\$ 9,400</u>

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government is that the costs of providing services to the public on a continuing basis be financed or recovered primarily through user charges.

Water and Sewer Enterprise Fund - This fund is used to account for the activities of the water and sewer utility services provided by the Township's Department of Public Works.

SUMMIT TOWNSHIP
WATER AND SEWER ENTERPRISE FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

CURRENT ASSETS:

Cash and cash equivalents		\$	1,193,157	
Investments			1,596,823	
Receivables:				
Accounts	\$	283,835		
Main tap fees		97,261		
Interest		32,802		
Note - Short-term		50,063	463,961	
Due from other governments			67,204	
Due from other funds			235	
Inventory, at cost - Pumps and meters			237,593	
Total current assets				\$ 3,558,973

RESTRICTED ASSETS - With fiscal agents:

Cash on deposit				162
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PROPERTY, PLANT AND EQUIPMENT:

Land			73,195	
Buildings and improvements			775,680	
Machinery, equipment and vehicles			1,117,417	
Sewer and water lines			38,159,429	
Total			40,125,721	
Less - Accumulated depreciation			18,020,459	
Net property, plant and equipment				22,105,262

OTHER ASSETS:

Special assessment receivable - Long-term			205,011	
Notes receivable - Long-term			32,214	
Unamortized bond issuance costs			17,710	
Total other assets				254,935
Total assets				<u><u>\$ 25,919,332</u></u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 189,988	
Accrued payroll	14,288	
Accrued sick and vacation pay	135,003	
Due to other funds	431,843	
Current portion of general obligation bonds	<u>190,000</u>	
Total current liabilities		\$ 961,122

LONG-TERM LIABILITIES:

Long-term portion of general obligation bonds	3,525,000
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FUND EQUITY - Retained earnings:

Contributed capital	14,135,471	
Retained earnings (deficit) unreserved	<u>7,297,739</u>	
Total fund equity		<u>21,433,210</u>

Total liabilities and fund equity	<u><u>\$ 25,919,332</u></u>
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SUMMIT TOWNSHIP
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
CHARGES FOR SERVICES:			
Usage charges	\$ 1,113,974	\$ 1,280,683	\$ 2,394,657
Inspection fees	-	5,520	5,520
Tap on charges and connection fees	251,328	69,550	320,878
Total charges for services	<u>1,365,302</u>	<u>1,355,753</u>	<u>2,721,055</u>
 OTHER REVENUES:			
Penalties	13,320	17,174	30,494
Grinder pumps	-	163,900	163,900
Meters and curb boxes	14,252	-	14,252
Reimbursements from other governmental units	32,513	7,218	39,731
Interest - Tap on charges and connection fees	12,470	32,359	44,829
Miscellaneous revenues	2,016	-	2,016
Materials and repairs	6,094	5,258	11,352
Total other revenues	<u>80,665</u>	<u>225,909</u>	<u>306,574</u>
 TOTAL OPERATING REVENUES	 <u>1,445,967</u>	 <u>1,581,662</u>	 <u>3,027,629</u>
 ADMINISTRATION EXPENSES:			
Salaries and wages	156,514	156,514	313,028
Employees' social security	11,458	11,497	22,955
Employees' health insurance	29,767	29,777	59,544
Employees' life insurance	312	312	624
Retirement contribution	28,833	28,833	57,666
Office supplies	6,534	1,363	7,897
Computer supplies	20,950	16,323	37,273
Professional services	12,996	16,367	29,363
Telephone	3,107	3,006	6,113
Repairs and maintenance	18,423	8,609	27,032
Miscellaneous	582	582	1,164
Insurance	5,420	5,417	10,837
Mowing	4,124	1,885	6,009
Clothing/safety protection	682	738	1,420
Education and training	1,735	1,046	2,781
Fuel	4,560	6,857	11,417
Total administration expenses	<u>305,997</u>	<u>289,126</u>	<u>595,123</u>

SUMMIT TOWNSHIP
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
PUMPING AND DISTRIBUTION EXPENSES:			
Depreciation	\$ 223,017	\$ 647,451	\$ 870,468
Grinder pumps	-	139,600	139,600
Supplies	188,524	45,560	234,084
Repairs and maintenance	99,545	228,429	327,974
Heat, light and power	101,509	51,277	152,786
Water/sewer purchases	15,274	812,982	828,256
Main tap expenses	148,137	26,760	174,897
Total pumping and distribution expenses	<u>776,006</u>	<u>1,952,059</u>	<u>2,728,065</u>
TOTAL OPERATING EXPENSES	<u>1,082,003</u>	<u>2,241,185</u>	<u>3,323,188</u>
OPERATING INCOME (LOSS)	<u>363,964</u>	<u>(659,523)</u>	<u>(295,559)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	37,608	9,402	47,010
Interest expense	(95,188)	(4,000)	(99,188)
Investment fees	(5,593)	(1,398)	(6,991)
Amortization of bond issuance cost	(1,107)	-	(1,107)
Total nonoperating revenues (expenses)	<u>(64,280)</u>	<u>4,004</u>	<u>(60,276)</u>
NET INCOME (LOSS)	<u><u>\$ 299,684</u></u>	<u><u>\$ (655,519)</u></u>	<u>(355,835)</u>
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS			504,350
RETAINED EARNINGS - Beginning of year			<u>7,149,224</u>
RETAINED EARNINGS - End of year			<u><u>\$ 7,297,739</u></u>

FIDUCIARY FUNDS

Current Tax Fund - This fund is used to account for current tax collections, including special assessments.

Delinquent Tax Fund - This fund is used to account for delinquent tax collections.

Trust and Agency Fund - This fund is used to account for money which is held by the local unit as a trustee (to be distributed later).

Expendable Trust Fund - These funds, the principal of which may be expended, are used to account for money set aside by the Township to pay the long-term obligation for retiree's health insurance and accumulated sick pay.

SUMMIT TOWNSHIP
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

	AGENCY FUNDS			EXPENDABLE	TOTAL
	CURRENT TAX	DELINQUENT TAX	TRUST & AGENCY	TRUST FUNDS	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 54,866	\$ 4,260	\$ 7,153	\$ 502,335	\$ 568,614
Investments	-	-	-	365,995	365,995
Prepaid expenses	-	-	-	7,417	7,417
Accrued interest receivable	-	-	-	11,604	11,604
Total assets	<u>\$ 54,866</u>	<u>\$ 4,260</u>	<u>\$ 7,153</u>	<u>\$ 887,351</u>	<u>\$ 953,630</u>

<u>LIABILITIES AND FUND BALANCE</u>					
Accrued sick pay	\$ -	\$ -	\$ -	\$ 6,063	\$ 6,063
Due to other funds	9,542	807	-	5,316	15,665
Due to Jackson County	6,181	807	-	-	6,988
Due to other governmental units	31,040	-	7,153	-	38,193
Due to other taxing units	8,103	2,646	-	-	10,749
Fund balance - Designated	-	-	-	210,545	210,545
Fund balance - Unreserved and undesignated	-	-	-	665,427	665,427
Total liabilities and fund balance	<u>\$ 54,866</u>	<u>\$ 4,260</u>	<u>\$ 7,153</u>	<u>\$ 887,351</u>	<u>\$ 953,630</u>

SUMMIT TOWNSHIP
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2004

	CURRENT TAX			
	BALANCE 4/1/03	ADDITIONS	DEDUCTIONS	BALANCE 3/31/04
<u>ASSETS</u>				
Cash and cash equivalents	\$ 52,611	\$ 14,946,448	\$ 14,944,193	\$ 54,866
Total assets	<u>\$ 52,611</u>	<u>\$ 14,946,448</u>	<u>\$ 14,944,193</u>	<u>\$ 54,866</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 8,956	\$ 983,360	\$ 982,774	\$ 9,542
Due to Jackson County	5,707	6,230,249	6,229,775	6,181
Due to other governmental units	29,427	257,951	256,338	31,040
Due to other taxing units	8,521	7,474,888	7,475,306	8,103
Total liabilities	<u>\$ 52,611</u>	<u>\$ 14,946,448</u>	<u>\$ 14,944,193</u>	<u>\$ 54,866</u>

DELINQUENT TAX

BALANCE 4/1/03	ADDITIONS	DEDUCTIONS	BALANCE 3/31/04
\$ 4,785	\$ 8,979	\$ 9,504	\$ 4,260
\$ 4,785	\$ 8,979	\$ 9,504	\$ 4,260
\$ 798	\$ 1,497	\$ 1,488	\$ 807
798	1,497	1,488	807
-	-	-	-
3,189	5,985	6,528	2,646
\$ 4,785	\$ 8,979	\$ 9,504	\$ 4,260

SUMMIT TOWNSHIP
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

	TRUST AND AGENCY		
	BALANCE 04/01/03	ADDITIONS	DEDUCTIONS
ASSETS			
Cash and cash equivalents	\$ 7,509	\$ 7,000	\$ 7,356
Total assets	<u>\$ 7,509</u>	<u>\$ 7,000</u>	<u>\$ 7,356</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
Due to Jackson County	-	-	-
Due to other governmental units	7,509	7,000	7,356
Due to other taxing units	-	-	-
Total liabilities	<u>\$ 7,509</u>	<u>\$ 7,000</u>	<u>\$ 7,356</u>

TOTAL

BALANCE 04/01/03	ADDITIONS	DEDUCTIONS	BALANCE 03/31/04
\$ 64,905	\$ 14,962,427	\$ 14,961,053	\$ 66,279
\$ 64,905	\$ 14,962,427	\$ 14,961,053	\$ 66,279
\$ 9,754	\$ 984,857	\$ 984,262	\$ 10,349
6,505	6,231,746	6,231,263	6,988
36,936	264,951	263,694	38,193
11,710	7,480,873	7,481,834	10,749
\$ 64,905	\$ 14,962,427	\$ 14,961,053	\$ 66,279

SUMMIT TOWNSHIP
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

	<u>MEDICAL INSURANCE</u>	<u>SICK PAY</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 136,064	\$ 366,271	\$ 502,335
Investments	365,995	-	365,995
Prepaid expenses	7,417	-	7,417
Accrued interest receivable	-	11,604	11,604
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 509,476</u></u>	<u><u>\$ 377,875</u></u>	<u><u>\$ 887,351</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Due to other funds	\$ 1,534	\$ 3,782	\$ 5,316
Accrued sick pay	-	6,063	6,063
Fund balance - Designated	-	194,057	194,057
Fund balance - Unreserved and undesignated	507,942	173,973	681,915
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u><u>\$ 509,476</u></u>	<u><u>\$ 377,875</u></u>	<u><u>\$ 887,351</u></u>

SUMMIT TOWNSHIP
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	<u>MEDICAL INSURANCE</u>	<u>SICK PAY</u>	<u>TOTAL</u>
REVENUES:			
Interest	\$ 7,001	\$ 11,789	\$ 18,790
Payment by retirees	456	-	456
Total revenues	<u>7,457</u>	<u>11,789</u>	<u>19,246</u>
EXPENDITURES:			
Other	<u>77,913</u>	<u>22,795</u>	<u>100,708</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(70,456)	(11,006)	(81,462)
OTHER FINANCING SOURCES - Operating transfers in	<u>100,000</u>	<u>-</u>	<u>100,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	29,544	(11,006)	18,538
FUND BALANCE - Beginning of year	<u>478,398</u>	<u>379,036</u>	<u>857,434</u>
FUND BALANCE - End of year	<u><u>\$ 507,942</u></u>	<u><u>\$ 368,030</u></u>	<u><u>\$ 875,972</u></u>

SUMMIT TOWNSHIP
MEDICAL INSURANCE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Interest	\$ 6,900	\$ 7,001	\$ 101
Payment by retirees	500	456	(44)
Total revenues	<u>7,400</u>	<u>7,457</u>	<u>57</u>
EXPENDITURES -			
Other	<u>81,100</u>	<u>77,913</u>	<u>3,187</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(73,700)	(70,456)	3,244
OTHER FINANCING SOURCES -			
Operating transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	26,300	29,544	3,244
FUND BALANCE - Beginning of year	<u>478,398</u>	<u>478,398</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 504,698</u></u>	<u><u>\$ 507,942</u></u>	<u><u>\$ 3,244</u></u>

SUMMIT TOWNSHIP
SICK PAY FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES -			
Interest	<u>\$ 11,800</u>	<u>\$ 11,789</u>	<u>\$ (11)</u>
EXPENDITURES -			
Other	<u>30,100</u>	<u>22,795</u>	<u>7,305</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,300)</u>	<u>(11,006)</u>	<u>7,294</u>
OTHER FINANCING SOURCES -			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(18,300)</u>	<u>(11,006)</u>	<u>7,294</u>
FUND BALANCE - Beginning of year	<u>379,036</u>	<u>379,036</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 360,736</u></u>	<u><u>\$ 368,030</u></u>	<u><u>\$ 7,294</u></u>

SCHEDULE OF INDEBTEDNESS

[illegible]

<u>DATE OF MATURITY</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST DUE</u>	<u>FISCAL YEAR TOTAL</u>
10/01/04	\$ 190,000	\$ 46,438	\$ 280,501
04/01/05		44,063	
10/01/05	195,000	44,063	280,688
04/01/06		41,625	
10/01/06	200,000	41,625	280,750
04/01/07		39,125	
10/01/07	205,000	39,125	280,688
04/01/08		36,563	
10/01/08	210,000	36,563	280,501
04/01/09		33,938	
10/01/09	215,000	33,938	280,188
04/01/10		31,250	
10/01/10	225,000	31,250	284,688
04/01/11		28,438	
10/01/11	230,000	28,438	284,001
04/01/12		25,563	
10/01/12	235,000	25,563	283,188
04/01/13		22,625	
10/01/13	240,000	22,625	282,250
04/01/14		19,625	
10/01/14	245,000	19,625	281,188
04/01/15		16,563	
10/01/15	250,000	16,563	280,001
04/01/16		13,438	
10/01/16	260,000	13,438	283,626
04/01/17		10,188	
10/01/17	265,000	10,188	282,063
04/01/18		6,875	
10/01/18	270,000	6,875	280,375
04/01/19		3,500	
10/01/19	280,000	3,500	283,500
	<u>\$ 3,715,000</u>	<u>\$ 793,196</u>	<u>\$ 4,508,196</u>

MARKOWSKI & COMPANY

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DOUGLAS E. ATKINS, C.P.A.

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTS
ESTATE PLANNING COUNCIL
OF SOUTH CENTRAL MICHIGAN

September 20, 2004

Board of Trustees
Summit Township

We have audited the general purpose financial statements of Summit Township for the year ended March 31, 2004, and have issued our report thereon dated August 20, 2004. Professional standards require that we provided you with the following information related to our audit.

Our responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated July 7, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Summit Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Summit Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2004. We noted no transactions entered into by Summit Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Summit Township that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed several audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on Summit Township's financial reporting process. (Adjustments included year end recording of accruals.)

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Summit Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Trustees and management of Summit Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


MARKOWSKI & COMPANY, CPAs

SUMMIT TOWNSHIP
MEMORANDUM OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2004

Segregation of Duties

Because of the limited size of Summit Township's accounting department, proper segregation of duties cannot be accomplished. This is an inherent weakness in the internal controls of the Township. Township executives - supervisor, clerk and treasurer need to continue exercising appropriate management oversight to compensate for this. The township does segregate duties as much as possible for its size. The solution would be to hire additional employees, which would be an inefficient use of Township resources.

GASB 34 Implementation

The Government Accounting Standards Board has implemented new reporting procedures for government units. Summit Township will be required to implement these new standards beginning April 1, 2004. These new standards will require additional recordkeeping by the Township. One of the specific requirements is to capitalize all fixed assets of the township and to depreciate them. We recommend that the Township consider increasing the dollar threshold for capitalizing fixed assets. We also recommend that the Township consider purchasing a fixed asset program to record and depreciate fixed assets.

Township Accounting Function

Summit Township has continued to improve its accounting function. Management and staff are to be congratulated on the overall condition of the financial records of the Township. We appreciate the cooperation and attitude of the Township.